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Press Release

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**Mitsui Chemicals, Idemitsu Kosan, and Sumitomo Chemical Enter Into MOU  
on Integration of Sumitomo Chemical's PP and LLDPE Businesses into Prime Polymer,  
Aiming to Strengthen the Competitiveness of the Domestic Polyolefin Business**

Mitsui Chemicals, Inc.  
Idemitsu Kosan Co.,Ltd.  
Sumitomo Chemical Co., Ltd.

Mitsui Chemicals, Inc. (head office: Chuo-ku, Tokyo; President & CEO: Osamu Hashimoto; hereinafter "Mitsui"), Idemitsu Kosan Co.,Ltd. (head office: Chiyoda-ku, Tokyo; Representative Director and President: Noriaki Sakai; hereinafter "Idemitsu"), and Sumitomo Chemical Co., Ltd. (head office: Chuo-ku, Tokyo; Representative Director and President: Nobuaki Mito; hereinafter "Sumitomo Chemical") hereby announce that Mitsui, Idemitsu, and Sumitomo Chemical have entered into a Memorandum of Understanding ("MOU") concerning the integration of the polyolefin (PO) business operated by Prime Polymer Co., Ltd. (head office: Chuo-ku, Tokyo; President: Fumio Yoshizumi; hereinafter "PRM"), a joint venture between Mitsui and Idemitsu, with Sumitomo Chemical's polypropylene (PP) business and linear low-density polyethylene (LLDPE) business in Japan (collectively "Sumitomo Target Business") (such integration, the "Business Integration"). Mitsui, Idemitsu and Sumitomo Chemical have explored the opportunities for collaboration to strengthen the competitiveness of the domestic PO business, including PP and polyethylene (PE), and have reached a mutual understanding as set forth in the MOU.

The implementation of the Business Integration is subject to the completion of necessary clearances, regulatory permissions and approvals under competition laws and other relevant laws and regulations. Going forward, Mitsui, Idemitsu, and Sumitomo Chemical will continue discussions toward the conclusion of a definitive agreement for the Business Integration.

**1. Background and Purpose of the Business Integration**

PO, which accounts for approximately 50% of the demand for plastics in Japan, is a material used in a wide range of applications including automobiles, electronic materials, and medical devices, making itself essential to Japanese industry. Although domestic PO manufacturers have undergone mergers and consolidations since the 1990s, the issue of oversupply has yet to be resolved. Due to the shrinking market caused by population decline and changes in lifestyle, the demand for domestically produced PO is expected to decrease even further in the future.

Since establishment in 2005 as a joint venture between Mitsui and Idemitsu, PRM has been a leader in the Japanese PO industry, with PP and PE (LLDPE and high-density polyethylene (HDPE)) as its main products. PRM and Sumitomo Chemical have a shared understanding that integrating Sumitomo Chemical's PP and LLDPE businesses in Japan into PRM will not only strengthen the domestic PO business but also enhance the competitiveness against imported products. The Business Integration is expected to generate significant synergies both in the production of PRM and Sumitomo Chemical, both having operating bases in the Keiyo region of Japan, and in the development of technologies to reduce environmental impact.

Through the Business Integration, Mitsui, Idemitsu, and Sumitomo Chemical will work together to optimize the PO production system, with the goal of achieving cost rationalization of more than 8 billion yen per year, thereby further strengthening their competitiveness as resilient and essential companies. Furthermore, by enhancing their capabilities to develop high-performance and environmentally conscious products, Mitsui, Idemitsu, and Sumitomo Chemical will accelerate efforts to realize a sustainable green chemical business.

## 2. Outline of the Business Integration

While details of the integration method and the terms and conditions of the Business Integration have yet to be determined, Mitsui, Idemitsu, and Sumitomo Chemical are considering a method that Sumitomo Chemical transfers the Sumitomo Target Businesses to PRM, and Sumitomo Chemical acquires the shares equivalent to a 20% stake in PRM. The final decision will be made after discussions among Mitsui, Idemitsu, and Sumitomo Chemical. The outline of the Business Integration as currently envisioned is as follows.

Integrated Company	Prime Polymer Co., Ltd. (PRM)
Locations of PO operations	PRM: Tokyo Head Office, Nagoya Office, Osaka Office, Fundamental Research Laboratory, Packaging & Industrial Materials Laboratory, Automotive Materials Laboratory, Ichihara Works, Anesaki Works, and Osaka Works, Tokuyama polypro Co.,ltd, Prime Evolve Singapore Pte.Ltd. Sumitomo Chemical: Tokyo Head Office, Nagoya Branch, Chiba Works, Essential & Green Materials Research Laboratory
Share Ratio	Before integration: Mitsui: 65%; Idemitsu: 35% After integration: Mitsui: 52%; Idemitsu: 28%; Sumitomo Chemical: 20%
Schedule of Integration	April 2026 (planned)
Scope of Integration	PRM: [Domestic] PP business, LLDPE business, HDPE business [Overseas] LLDPE business Sumitomo Chemical: [Domestic] PP business, LLDPE business <i>* Regarding the compound business, only the domestic business is included in the integration; the overseas business is not included.</i>
Domestic Production Capacity	Before integration: PP: 1.26 million tons/year; PE: 0.55 million tons/year After integration: PP: 1.59 million tons/year; PE: 0.72 million tons/year
Net Sales	387.3 billion yen (an aggregation of PRM's net sales and the net sales of Sumitomo Target Business for FY2024)